

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Structure and Practices of the)	
Video Relay Service Program)	CG Docket No. 10-51
)	
Telecommunications Relay)	
Services and Speech-to-Speech Services for)	
Individuals with Hearing and Speech Disabilities)	CG Docket No. 03-123
)	
To: The Commission		

REPLY COMMENTS

**PAYMENT FORMULAS AND FUNDING REQUIREMENT FOR THE
INTERSTATE TELECOMMUNICATIONS RELAY SERVICES FUND
FOR THE JULY 2013 THROUGH JUNE 2014 FUND YEAR**

PURPLE COMMUNICATIONS, INC.

John Goodman
Chief Legal Officer
Purple Communications, Inc.
595 Menlo Drive
Rocklin, CA 95765

June 7, 2013

Purple Communications, Inc. (“Purple”) hereby provides reply comments to the FCC’s May 17 Public Notice seeking comments on the TRS Fund Administrator’s annual report.¹

Purple recognizes the Commission is evaluating policy and rate reform for all forms of Internet-based telecommunications relay services. As the Commission contemplates both rate and policy reforms, Purple encourages decision makers to strongly consider the following points which serve to benefit all stakeholders; consumers, providers, contributors to the TRS Fund, the TRS Fund Administrator and ultimately the Commission:

- Rate reform for any TRS service must provide visibility and predictability, ideally for 3 years or more. This type of longevity promotes investment, is a signal of stability to financial markets, and allows providers to plan investments and orderly transitions of their business operations in the event of phased adjustments to any given rate.
- TRS is a unique service that is labor intensive, not capital intensive, which is unlike other services the FCC regulates. Accordingly, Purple agrees with the Administrator that formulaic rate setting methods which apply to capital intensive aspects of the telecommunications industry are not well suited for TRS.² Purple is not aware of any difference of opinion on this position among TRS stakeholders – including Commission staff, providers and the Administrator – and thus mandated recommendations based on such formulae merely operate to distract and confuse the industry. Purple urges the Commission to disregard rate recommendations and structures based on such formulae, and to affirmatively depart from application of same to the TRS industry going forward.

¹ See Interstate Telecommunications Relay Service Fund Payment Formula and Fund Size Estimate, Rolka Loube Saltzer Associates LLC, CG Dockets 03-123 and 10-51, dated May 1, 2013 (“Rolka 2013 Report”).

² Rolka 2013 Report.

- The TRS industry is now served by a very small number of providers, with long standing providers such as Hamilton Relay and AT&T exiting certain Internet based services entirely.³ The remaining Internet-based TRS providers form an important ecosystem of companies who fulfill the FCC's Congressional mandate to make TRS services available to deaf, hard of hearing, and speech impaired Americans. We encourage the Commission to consider this ecosystem, and the consumers who depend on it, when making both rate and policy decisions about the future of the industry. Specifically, the Commission should avoid rapid and dramatic changes to rates which could result in further attrition among providers and put the delivery of TRS services at risk which will harm and diminished access for consumers. When rate changes for any form of TRS are enacted, they should be implemented gradually, to allow for proper adjustment to business operations.
- In the case of IP-Relay, the record in this proceeding and the state relay program contract awards provide solid evidence that per-minute costs increase when volume declines. As such, given the significant reduction in IP Relay minute volume, rates should be held constant or increase as the industry adjusts to decline in demand for this form of TRS.
- In the case of VRS, Purple encourages the Commission to harmonize the timing of any rate reductions with the implementation of corresponding competition policy reform in order to correct the current market imbalance and anticompetitive practices of the monopolist provider, and allow the industry to perform at a more efficient level with multiple providers operating at scale.

³ See "Hamilton Relay Suspends Text-based Internet Relay Services," dated April 29, 2013, *available at*: http://www.hamiltonrelay.com/corporate/whats_new/index.html?topic=details&ni=328; *see also* Letter from Robert Vitanza, General Attorney, AT&T Services, Inc., to Marlene H. Dortch, Secretary, FCC, CG Docket No. 10-51, dated May 28, 2013.

Respectfully submitted,

PURPLE COMMUNICATIONS, INC.

A handwritten signature in dark ink, appearing to read 'JGLL', positioned above a horizontal line.

John Goodman
Chief Legal Officer
Purple Communications, Inc.
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Rocklin, CA 95765

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